

Message Text

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USMISSION EC BRUSSELS

AMEMBASSY LONDON

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TAGS: AFSP, EAGR, ETRD, US, DA

SUBJECT: GAO REVIEW OF US IMPORT QUOTAS

PASS AGRICULTURE

REF: A) STATE 184359 B) FASTO CIRCULAR 239

1. GAO REPRESENTATIVES LEO LAMOTTE, JOAN MCCABE AND CRAIG RUSSELL VISITED DENMARK AUGUST 21 TO 30 TO INITIATE A REVIEW OF US DAIRY IMPORT QUOTAS AS PART OF GAO'S WORLD-WIDE STUDY ON US QUANTITATIVE IMPORT RESTRICTIONS. MCCABE AND RUSSELL DEPARTED FOR LONDON AND LAMOTTE RETURNED TO FRANKFURT.

2. IN ADDITION TO CONFERRING WITH EMBASSY OFFICERS, THE GAO TEAM IS KNOWN TO HAVE MET WHILE IN DENMARK WITH THE OFFICE RESPONSIBLE FOR DAIRY ECONOMIC POLICIES IN THE MINISTRY OF AGRICULTURE, THE INTERNATIONAL TRADE POLICY DIRECTOR OF THE AGRICULTURAL COUNCIL AND THE DANISH DAIRY BOARD (INCLUDING CHEESE EXPORTER REPRESENTATIVES).

3. AS SET FORTH IN AN EXIT CONFERENCE, THE FOLLOWING ARE THE TEAM'S PRINCIPAL TENTATIVE CON-

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LOWING ARE THE TEAM'S PRINCIPAL TENTATIVE CON-

CLUSIONS REGARDING THE IMPACT OF US FAIRY QUOTAS
ON DENMARK.

A. THE EMBASSY IS LITTLE INVOLVED IN, AND
INCURS LITTLE COST IN, THE ADMINISTRATION OF
US DAIRY IMPORT QUOTAS.

B. THE DANES CONSIDER THE US QUOTAS TO
HAVE BEEN GENERALLY ADEQUATE, WITH THE EXCEPTION
OF BLUE CHEESE. THE DANES DO NOT CONSIDER
THE US IMPORT QUOTAS TO HAVE BEEN A MAJOR PROB-
LEM FOR DENMARK, AND IN FACT BELIEVE THE QUOTAS
HAVE PROVIDED FOR STABLE MARKET DEVELOPMENT.

C. IF THE QUOTAS WERE TO BE ELIMINATED,
THE DANES SEE NO GREAT INCREASES IN DANISH EX-
PORTS OF CHEESE TO THE US. THE DANES WOULD
EXPECT MORE COMPETITION ON THE US MARKET FROM
OTHER SUPPLIERS SUCH AS FRANCE AND HOLLAND IF
THE US QUOTA SYSTEM WERE ELIMINATED. THE DANES
PREFER QUOTAS TO POSSIBLE TARIFF INCREASES.

D. THE DANES ARE VERY MUCH CONCERNED
ABOUT THE IMPACT ON THE DANISH DAIRY INDUSTRY
OF THE ELINATION OF EC EXPORT RESTITUTIONS
OR THE POSSIBLE IMPOSITION OF US COUNTERVAIL-
ING DUTIES.

E. DENMARK DOES NOT VIEW THE US AS AN IM-
PORTANT MARKET FOR DAIRY PRODUCTS OTHER THAN
CHEESE.

4. COMMENT: THE STRAIGHT-FORWARD EXPRESSION
BY THE DANES OF PREFERENCE FOR CONTINUATION OF
US QUOTA CONTROLS ON CHEESE IMPORTS WAS SOME-
WHAT OF A SURPRISE TO THE EMBASSY AS WELL AS TO
THE GAO TEAM. WHILE THE DANES HAVE NOT OFFICIALLY
COMPLAINED ABOUT THE US QUOTA RESTRICTIONS IN
RECENT YEARS, SOME DANISH OFFICIALS HAVE IN
THE PAST ADVOCATED BARGAINING FOR US DAIRY QUOTA
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LIBERALIZATION IN THE MTN. IT MAY BE THAT MORE
RECENT DEVELOPMENTS REGARDING COUNTERVAILING
DUTIES AND EXPORT RESTITUTIONS HAVE
SOLIDIFIED A PREFERENCE IN THE DANISH AGRICULTURAL
SECTOR FOR THE STATUS QUO IN US DAIRY IMPORT CON-
TROLS. IN ANY EVENT, THE DANES NOW SEEM DISIN-
TERESTED IN SUPPORTING AN EC POSITION THEY WERE
ADVOCATING LAST YEAR WHICH WOULD OFFER INCREASED

ACCESS FOR US AGRICULTURAL PRODUCTS IN EXCHANGE
FOR LIBERATION OR ELIMINATION OF OUR DAIRY QUOTAS.
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